

# CORRECTED FISCAL NOTE

## SB 1635 - HB 1397

May 2, 1997

**SUMMARY OF BILL:** On March 3, 1997 we issued a fiscal note for SB1635 - HB1397 which indicated that the state would forego revenue collections of \$90,000 to \$120,000 during FY98-99 as the result of adding minor league baseball franchises playing at Class AA or Class AAA level to the existing list of major league franchises included in TCA, Title 7, Chapter 67. This allows sports authorities to retain the state share of sales taxes from ticket sales, concession and related sales. Based upon an earlier legal interpretation of the bill, we assumed it applied only to the city of Jackson which had secured the Class AA franchise from Memphis. It was assumed that a sports authority had been organized in Jackson pursuant to TCA, Title 7, Chapter 67. As a result of questions raised concerning who would and would not come under the provisions of the bill, I have asked for and received an opinion from James Clodfelter, Director of the Office of Legal Services. Mr. Clodfelter has opined that SB 1635 - HB 1397 as drafted could apply to any municipality which has a sports authority pursuant to TCA, Title 7, Chapter 67, if such sports authority has secured one of the enumerated types of professional sports franchises. **It has been discovered that the city of Jackson does not have a sports authority and would not be included under the provisions of this bill, since a sports authority was not involved in securing the Class AA franchise.** If the existing sports authority in Memphis is involved in securing the Class AAA franchise for that city, that sports authority could retain the state share of sales taxes from tickets, concessions and related items based upon the present interpretation of the bill language. Considering the above, we are revising the fiscal impact of SB 1635 - HB 1397 as follows:

### ESTIMATED FISCAL IMPACT:

**Forego State Revenues - Exceeds \$200,000 (FY98-99)**

Assumes that:

- A minor league baseball team playing at the Class AAA level (Memphis) will be secured in 1998 and that state sales tax revenues from concessions, tickets, and other related sales would be distributed to the sports authority. Revenues would be forgone, since they are not currently being collected.
- Existing minor league teams playing at Class AA or Class AAA level, including the franchise transferring from Memphis to Jackson, will not qualify under the provisions since a sports authority was not involved in securing such franchises.

### CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

**SB 1635 - HB 1397 (CORRECTED)**